

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL MEETING

May 28, 1997
Phoenix Museum of History-Public Hall
Phoenix, Arizona

MEMBERS ATTENDING

Mayor Elaine Scruggs, Glendale, Chairman	Councilmember Sara Moya, Paradise Valley
Mayor Tom Morales, Avondale	Mayor Ken Forgia, Peoria
*Mayor Mike Baker, Buckeye	Mayor Skip Rimsza, Phoenix
Vice Mayor Hugh Stevens, Carefree	Mayor Mark Schnepf, Queen Creek
Mayor Tom Augherston, Cave Creek	*President Ivan Makil, Salt River Pima-Maricopa
Mayor Jay Tibshraeny, Chandler	Indian Community
Councilmember Rosa Castro for Mayor Maggie	Mayor Sam Campana, Scottsdale
Reese, El Mirage	Mayor Joan Shafer, Surprise
*Mayor Jerold Miles, Fountain Hills	Mayor Neil Giuliano, Tempe
Mayor Chuck Turner, Gila Bend	*Mayor Adolfo Gamez, Tolleson
Governor Mary Thomas, Gila River Indian	Mayor Dallas Gant, Wickenburg
Community	Councilmember Art Semick for Mayor Daphne
Mayor Wilburn Brown, Gilbert	Green, Youngtown
Mayor Bill Arnold, Goodyear	F. Rockne Arnett, ADOT
Mayor Frances Osuna, Guadalupe	Chuck Coughlin, Citizens Transportation Oversight
Mayor Richard Vasiloff, Litchfield Park	Committee
Supervisor Don Stapley, Maricopa County	
Mayor Wayne Brown, Mesa	

*Those members neither present nor represented by proxy.

1. Call to Order

The meeting of the Regional Council was called to order by Chairman Elaine Scruggs at 5:05 p.m. Chairman Scruggs introduced the following proxies: Councilmember Rosa Castro for Mayor Maggie Reese, from El Mirage and Councilmember Art Semick for Mayor Daphne Green from Youngtown.

2. Pledge of Allegiance

3. Approval of April 30, 1997 Meeting Minutes

Mayor Wilburn Brown moved, Vice Mayor Hugh Stevens seconded, and it was unanimously carried to approve the minutes of the April 30, 1997 Regional Council meeting. Councilmember Sara Moya was non-voting.

4. Call to the Audience

Vivian Valle indicated that she was sorry that Mayor Ken Forgia was leaving the Regional Council. Ms. Valle stated that the sensitivity and kindness that Mayor Forgia has shown to citizen activists was uncommon. Ms. Valle stated that Mayor Forgia was always candid and civil and welcomed her comments. Ms. Valle stated that during the Memorial Day holiday, the Regional Council should remember the concept of freedom of expression and the right to speak at public forums. Ms. Valle read aloud, the note listed on the bottom of the Regional Council Request to Speak on a Non-Agenda Item Card which stated that “The Chairman or his/her designee shall have the power to strictly enforce these rules and to revoke your speaking rights if you violate any of these rules. The Chairman may also revoke your rights to speak at the rest of today’s meeting and/or at future meetings if you twice refuse to be silent after being directed to do so. If you lose your right to speak, you may still present written comments to the MAG Regional Council.” Ms. Valle stated that it was her opinion that the Regional Council reconsider its authority.

Stephen E. Clark commented on his opinion of the ‘imperialness’ of the Regional Council dinners and the use of semipublic as well as public dollars. Mr. Clark stated his opinion that the Regional Council is not allowed to restrict the public from participating in this dinner. Mr. Clark stated that contrary to the Management Committee lunches, members of the public cannot put in their share of money and participate in the Regional Council meeting dinners. Mr. Clark stated that he believed the Regional Council acted imperialistic and only thought of themselves. He stated that the Regional Council cannot sequester themselves and that they should open up the dinners for the public’s convenience as well as their own.

Douglas Christopher stated that he has observed traffic within the City of Phoenix, and believed that transit could move faster. Mr. Christopher suggested that trucks and slower vehicles should drive in a designated area. Mr. Christopher suggested that the members of the Regional Council review their respective ordinances and discipline drivers on the highway so that better transit can be encouraged.

Dianne Barker commented on three items and requested clarification on items 13 and 14. Ms. Barker stated that the I-17/Bell Road Park-and-Ride lot was a good idea. Ms. Barker stated that there should be 24 spaces for MAG employee vehicles. Ms. Barker stated that the City of Phoenix should advertise the benefits and reasons for park-and-ride and provide some examples. Ms. Barker stated that for air quality conformity, there was a conflict since there is no RFP process, but an understanding on an on-call basis.

Ms. Barker stated that the EPA has not taken any action since October 1995 and that it has not met required standards. Ms. Barker further stated her opinion that there should be no more unfunded government mandates.

Jane White stated that she was sad and that MAG Regional Council is poorer because Mayor Brown is leaving Gilbert and Mayor Forgia is leaving Peoria. Ms. White stated that Mayor Brown and Mayor Forgia made significant changes in the way MAG meetings are conducted as well as how the room is set up. Ms. White stated that she has appreciated all of their suggestions. Ms. White thanked Mayor Forgia and stated that she may move to Peoria. Mayor Rimsza jokingly offered to pay for relocation costs. Ms. White stated that Mayor Brown often disagreed with her comments but he always acted as a gentlemen. Ms. White stated that both Mayor Brown and Mayor Forgia were gentlemen and led a round of applause from the audience.

5. Agency Showcase

The City of Litchfield Park presented the MAG member agency showcase. Chairman Scruggs introduced Mayor Richard Vasiloff. Mayor Vasiloff thanked the Regional Council for the opportunity to showcase the City of Litchfield Park and then introduced members of the Litchfield Park City Council. Mayor Vasiloff introduced Vice Mayor Bert Van Wagner, Councilmember Perry Hubbard, Councilmember Sandy Reagan, and Councilmember Tom Heim. Mayor Vasiloff introduced City Planner, Mike Cartsonis, who would assist in the showcase presentation.

Mayor Vasiloff began a presentation by stating that the city of 3,700 has been influenced by history and is deep in heritage. Although small in size, the city is large in stature. Mayor Vasiloff stated the city is unique in many features ranging from its establishment after WWI as a Goodyear Tire Center plant and its name from P.W. Litchfield. The City's trademark is its palm trees with sour orange trees in between. Mayor Vasiloff stated that after WWII, plans were drawn for a model city with a population of 120,000. The Litchfield Park master plan incorporated such features as a city center, medical facilities, regional shopping center, branch university campus, and 13 self-contained villages. The model city was to be centrally located and to include a public recreation facility. Mayor Vasiloff stated that the grand plan was never implemented, but each village had a variety of sites including model homes, apartments, golf courses, and pathways for directing access to homes through a village center and underpasses.

Mayor Vasiloff stated that a drug store and beauty shop were across the street from the city library. Mayor Vasiloff stated that recreation is catered to young and old alike. The Litchfield Park elementary schools have received national awards for teaching excellence. Mayor Vasiloff noted the five star resort, the Litchfield Wigwam Resort, which he indicated was truly beautiful. The slides included features of 4-5 acre parks and large lakes within residential communities. Mayor Vasiloff noted the city's attractive and fun community pathways which control heavy traffic which are safe for children as well as adults. Mayor Vasiloff stated that 30 years of planning for Litchfield Park has resulted in a balance of a community, rich in a variety of housing, parks, and pathways which are accessible and enjoyable.

Mayor Vasiloff further discussed different types of housing offered in Litchfield Park. He stated that the next 30 years would be challenging due to the City's attempt to force the Goodyear Tire Center plant to liquidate. Mayor Vasiloff stated that Arizona Public Service has purchased the land next to the Wigwam Resort and is currently developing the property. Mayor Vasiloff stated the city is considering the planning of a retail-oriented center to develop a strong economic base. Mayor Vasiloff stated that this retail center, when phased into the village centers, will be an area where people can walk, shop, or enjoy a meal. Mayor Vasiloff ended the slide presentation with a photograph of a beautiful Arizona sunset. Mayor Vasiloff thanked the Regional Council stating that it was his pleasure to share the reasons why he was proud of the City of Litchfield Park.

6. Executive Director's Report

James M. Bourey provided a report to the Regional Council on six activities of general interest. Mr. Bourey indicated that the office move was progressing: the furniture had been ordered, the tenant improvements were underway and the phone system and the computers had been ordered. Mr. Bourey estimated the move to take place on or about the 16th of June. Mr. Bourey stated that the next Regional Council meeting would be held at the Phoenix Museum of History, but that the July meeting would be held in the new office. Mr. Bourey stated that the staff compensation study is currently in its review stage. Mr. Bourey indicated that the study would look at the marketplace and internal equity. He stated that MAG staffing had turnover as high as 50 percent for certain positions. Mr. Bourey stated his appreciation of the assistance provided by the human resource staff of the City of Glendale and the City of Phoenix.

Mr. Bourey notified the Regional Council that the June agenda would include a proposed budget for the FY 1997-1998. Mr. Bourey summarized his personal work activity schedule. Mr. Bourey summarized his three-day schedule for the following week to attend a major regional governing conference in New York which would be well attended by regional governing policy experts such as Neil Pierce and many others from across the nation. Mr. Bourey also stated that he would attend two regional governance conferences in Charlotte, North Carolina, the Association of Metropolitan Planning Organizations (AMPO) and the National Association of Regional Councils. Mr. Bourey stated that he felt honored to be invited to be a member of the Executive Committee of AMPO due to the short time he has served as the Executive Director of MAG. Mr. Bourey also stated that during this time he would interview applicants for the Fiscal Services Manager position and the Environmental Planner positions to save dollars from flying these finalists to Phoenix.

Mr. Bourey summarized points made at the Arizona Town Hall meeting. The Town Hall was well attended and that many participants showed a strong interest in transit development. Mr. Bourey stated that discussion at this meeting included recommendations for an increase in the gas tax. Mr. Bourey indicated that the participants favored the recommendation to study the organization for statewide transportation. Mr. Bourey indicated that some participants in the Town Hall included Regional Council members, Mayor Schnepf, Mayor Giuliano, and Mr. Coughlin.

Mr. Bourey referred to the bicycle maps which were distributed to the Regional Council members. Mr. Bourey remarked that the map was a great resource and welcomed increased usage of this mode of travel in the valley.

Chairman Scruggs recognized Mayor Ken Forgia from the City of Peoria. Chairman Scruggs stated that Mayor Brown joined the Regional Council in June 1991. Chairman Scruggs stated her appreciation of Mayor Forgia for his service to the MAG Committees including the Regional Aviation System Plan Policy Committee, the Youth Policy Advisory Committee, and as recent Chairman of the Regional Council Working Group for New Member Orientation. Chairman Scruggs requested Mayor Ken Forgia to come forward to receive a gift from MAG recognizing his outstanding service.

Mayor Forgia stated that he chose not to run for Mayor, but as Councilmember of Peoria. Mayor Forgia stated that he won a tight race and was excited that he was able to continue to serve the citizens of Peoria. Mayor Forgia stated that while he served on the Regional Council, he recollected many citizen inquiries regarding sewers, air quality, and lack of services for children. Mayor Forgia stated his interest in children became the impetus for the Youth Policy Committee to be formed.

Mayor Forgia stated that the Regional Council was a forum of members which represented honesty and clear communication. Mayor Forgia stated that following Mayor Rimsza's comment that there is no better group to plan transportation needs and traffic engineering than MAG. Mayor Forgia stated that as a member of the Regional Council, he has had a team of experts who served as professional advisors. Mayor Forgia stated that during his tenure on the Regional Council, many have spoke kindly of the Maricopa Association of Governments due to the technical support of MAG staff, beside the Arizona Department of Transportation (ADOT) and other consulting professionals. Mayor Forgia stated that although MAG was not perfect, he hated to see MAG kicked while it was doing a good job. Mayor Forgia stated that he enjoyed serving on the Regional Council and that he had made new friends which he hoped will remain. Mayor Forgia then thanked Chairman Scruggs and the Regional Council for an opportunity to serve. Following was a round of applause from the Regional Council and the audience.

Chairman Scruggs then requested Mayor Wilburn Brown to come forward. Chairman Scruggs indicated her appreciation of Mayor Brown who joined the Regional Council in June 1992. Chairman Scruggs indicated that Mayor Brown had served on several MAG committees including the Regional Development Policy Committee, Chairman of the League/MAG Study Committee, and as the Chairman of the Long-Term Physical Facilities Implementation Committee. Mayor Brown also served as Chairman of the Regional Council from 1994 to 1996.

Chairman Scruggs stated that Mayor Brown had truly been an inspiration to all who had the opportunity to work with him. Chairman Scruggs stated that Mayor Brown first became a member of the Regional Council, and then moved onto the positions of Treasurer, Vice Chairman, and Chairman. Chairman Scruggs stated that during this time, the other members of the Regional Council sat back and took stock of themselves, while observing Mayor Brown serve as the Chairman of the Regional Council. Chairman Scruggs stated that Mayor Brown was involved in many high profile activities including the Proposition 400 vote and leading the retreat effort to examine many activities of MAG.

Chairman Scruggs indicated that these were some of MAG's most rocky, bumpy, and difficult times. Chairman Scruggs stated that when Mayor Brown served as Vice Chairman, she remembered many long phone conversations shared during the week. Chairman Scruggs recalled the weariness on Mayor Brown's voice while the political forces moved around him, and focused on his role as Chairman. Chairman Scruggs stated that during this entire time, Mayor Brown served with grace, always smiled, and had only good words to say. Chairman Scruggs indicated that Mayor Brown never let any of this political heat spill over to the other Regional Council members. Chairman Scruggs stated that Mayor Brown was a terrific Chairman, and is an incredible example to follow. Chairman Scruggs stated that Mayor Brown was a great contributor to the MAG organization and the valley.

Mayor Brown addressed Mr. Bourey and stated that it could not be more of an interesting time to be Chairman of MAG. Mayor Brown stated that he gave his hat off to the MAG staff. Mayor Brown stated that he has sat in many MAG meetings, but that MAG staff did all of the work. Mayor Brown stated that by working with MAG staff, he has had a tremendous opportunity to get to know many individuals. Mayor Brown stated that he grew up in Mayor Schnepf's part of Queen Creek. Mayor Brown stated that if the citizens of Queen Creek knew he would be a mayor one day, they would be terribly surprised. Mayor Brown also indicated that his wife also grew up in Queen Creek and that he knew her since she was born and that they grew up together in his first life. Mayor Brown stated that his second life was when he went to school and then started a family. Mayor Brown stated his third life involved his career. Mayor Brown stated that his fourth life was in public service as the Mayor of Gilbert, two terms as the Chairman of the Regional Council, and as the Chairman of the Williams Gateway Airport Authority. Mayor Brown stated that his fifth life was that in full time service with the church.

Mayor Brown stated that he will begin his three-year assignment in a mission in Pocatello, Idaho with the Church of Latter Day Saints. Mayor Brown stated that he has just moved from one 24 hour a day job to another. Mayor Brown stated that the day his retirement begins is the day of the Gilbert elections. Mayor Brown stated that without his wife, he could not be present this evening. Mayor Brown thanked the Regional Council for the engraved bookends gift and for the opportunity to grow and be a better person. Following, was applause from the Regional Council and the members of the audience.

7. Approval of Consent Agenda

Following this comment period, Chairman Scruggs asked if any members of the Regional Council wished to have any of the items removed from the consent agenda.

Dianne Barker requested to speak on the consent agenda stating that she wished that the agenda items be considered separately.

Mayor Wayne Brown moved, and Mayor Vasiloff seconded, and it was unanimously carried to approve items 8 and 9 on the consent agenda.

8. Intelligent Transportation System Committee Draft Roles and Responsibilities

The Regional Council approved, by consent, the Draft Roles and Responsibilities for the MAG Intelligent Transportation System (ITS) Committee. In October 1996, the Regional Council approved the formation of the ITS Committee. In April 1997, the Transportation Review Committee recommended approval of the ITS draft roles and responsibilities. The Management Committee concurred with this recommendation.

9. Conformity Consultation for I-17/Bell Road Park-and-Ride Lot

The Regional Council by consent considered the draft conformity findings for a new Park-and-Ride lot to be constructed in the vicinity of Interstate 17 and Bell Road by the City of Phoenix, the agency responsible for approving and implementing the project. In accordance with adopted MAG procedures, the City of Phoenix provided documentation of its conformity findings to MAG for consultation.

10. Revised Loan Reimbursement Guidelines Recommended by the MAG Ad Hoc Transportation Study Group

James M. Bourey indicated that in March 1996, the Chairman of the Regional Council appointed nine city managers to become members of the Ad Hoc Transportation Study Group to examine and make recommendations regarding financing alternatives for accelerating the MAG Regional Freeway System. Mr. Bourey indicated that the loan guidelines related primarily to the sharing of inflation savings associated with accelerating a project in the construction of a segment of the Freeway System. Mr. Bourey stated that the Management Committee recommended approval of the revised loan guidelines. Mr. Bourey introduced Eric Anderson who subsequently provided a report to the Regional Council.

Mr. Anderson highlighted four areas which were changed from the adopted guidelines previously adopted by the Regional Council. First, housekeeping language changes were made to make it consistent with the MAG Freeway Program. Paragraph 8 provides that the eligible interest/inflation costs will be calculated at the rate of one half the discount factor, set annually by the Arizona Department of Transportation (ADOT). Mr. Anderson stated that the Group discussed some of the benefits associated with the accelerated freeway construction. Mr. Anderson indicated that the local jurisdiction in which the project is located benefits through the addition of a major transportation facility which can be used by its residents. The region benefits through the completion of another freeway segment and increased regional mobility.

Mr. Anderson noted that Paragraph 10 included a 'hold harmless' provision which prevented an accelerated project from adversely affecting the adopted regional freeway program. Mr. Anderson also stated that the 'hold harmless' provision also prevented an accelerated project from adversely affecting air quality conformity requirements.

Mr. Anderson indicated that Paragraph 12 referred to the option which the local jurisdiction and ADOT could revert to the original project schedule under certain circumstances as long as all non-recoverable costs incurred or committed are paid for by the jurisdiction. Mr. Anderson then asked the Regional Council if they had any questions.

Chuck Coughlin stated that the Citizens Transportation Oversight Committee (CTOC) sent a letter to Mr. Bourey today. Mr. Coughlin stated that the managers on the MAG Ad Hoc Transportation Study Group did a great job and that it was wise to include a 'hold harmless' provision. Mr. Coughlin stated that he had one area of concern regarding Paragraph 8. Mr. Coughlin then read the first sentence of Paragraph 8, which read "Eligible interest/inflation costs will be calculated at the rate of one-half of the

discount factor, set annually by ADOT for the regional freeway program, that is in use at the time the intergovernmental agreement is executed but not to exceed the total cost of the borrowing jurisdiction.” Mr. Coughlin stated that if construction is a 12-month period, then the local jurisdiction is hooked into an interest rate which may not properly reflect the actual inflation rate. Mr. Coughlin stated his opinion that this may put the locality or ADOT into financial jeopardy. Mr. Coughlin stated that the year prior to the sale of a bond or beginning of a project should be the guideline date, which made more sense.

Mr. Bourey indicated that he received CTOC’s comments and reviewed such implications. Mr. Bourey stated that if CTOC wished, MAG could address this concern on an individual basis. Mr. Bourey stated that the particular local jurisdiction would most likely move forward with a project soon after the agreement was approved, making this concern a moot issue. Mr. Bourey stated that the local jurisdiction requires certainty, and must know the specific cost in order to go to the bond market. Mr. Bourey stated that addressing the issue on an individual agreement by agreement basis would be more plausible because the time frame would not be so far into the future to cause a problem. Mr. Bourey stated that the language was initially written so that the window could be greater than one year. Mr. Bourey stated that ADOT set the one year time frame because they recognized the issue and wanted to narrow the time frame window.

Mr. Coughlin stated that he was interested in the uniformity issue which would not be addressed in an agreement by agreement application. Mr. Coughlin requested that the Group amend the policy regarding when the interest rate would be set, which would not necessarily take place today.

Chairman Scruggs indicated that this plan was workable, and suggested that the MAG Management Committee review the issue.

Mr. Clark stated the loan program began in the 1980's and is in its 12th year of existence with 8 years to remain. Mr. Clark stated the program had omitted a provision in case of economic turns. Mr. Clark stated that he believed that in 2005, there would be no additional funding unless there were new elections. Mr. Clark stated that the problem is that the voters have not addressed issues such as Proposition 400. Mr. Clark stated that if public bonds are sold, the public should know how much money is covered. Mr. Clark stated that it was his opinion that in the year 2005, if the local jurisdiction was in debt, it would cause taxpayers financial hardship. Mr. Clark stated that he would hate to wait until year 2005 for the locality to notify the bondholders of the locality's financial status.

Mayor Bill Arnold moved, and Mayor Joan Shafer seconded, and it was unanimously carried to approve the revised loan reimbursement guidelines for the MAG Regional Freeway System.

11. Requested Changes to the MAG Freeway Program

Prior to discussion on this item, Supervisor Don Stapley left the Regional Council meeting.

Eric Anderson provided a report to the Regional Council regarding the request by the Arizona Department of Transportation (ADOT) for changes to the MAG Draft Tentative 1998-2006 Life Cycle Regional Freeway Program. Mr. Anderson stated that most of the changes involve the repackaging of projects and do not impact the schedule or budget of the Program. Repackaging refines projects so that Program elements can be delivered more efficiently. Mr. Anderson noted three requested changes which affect the budget of the Program.

Mr. Anderson stated that \$671,000 was compensation for the use of Bureau of Reclamation land north of the Central Arizona Project (CAP), a \$2.85 million increase for frontage roads from the Shea Boulevard to Pima section north of Frank Lloyd Wright Boulevard, and a \$500,000 increase change in the design change order budget. Mr. Anderson further indicated that the schedule of the I-17 to 56th Street interim construction project was delayed by two months since the Environmental Impact Statement had not yet been finalized.

Mayor Schnepf asked how much of the Bureau of Reclamation land was being used and how much the cost was. Mr. Anderson stated that representatives of ADOT and the City of Phoenix negotiated an agreement with the Bureau of Reclamation to use this area which was part of the CAP drainage area. Mr. Anderson stated that the land was being used for recreational use and that federal law required adequate compensation for such use. Mr. Anderson stated that he could provide the Regional Council with the exact provisions of the agreement at the next meeting.

Mr. Coughlin asked if the \$671,000 payment was being made to the Bureau of Reclamation. Mr. Anderson responded that the payment was made to the City of Phoenix. Mr. Coughlin asked if the use of freeway funds was being used to compensate Phoenix for the lost use of land. Mr. Anderson responded that the portion of land was needed for right of way which applied to any property which was in the pathway of the freeway. Mr. Coughlin stated that the Bureau of Reclamation had paid for the land, and then MAG paid the City of Phoenix an amount greater than this for the use of such land. Mr. Anderson stated that since the CAP was a federally funded program, federal law dictates compensation for the recreation use of land.

Chuck Eaton of ADOT stated that the Bureau of Reclamation did not pay for the total cost of the land, but that it had paid mitigating costs which was a method of pricing which was approved by Congress. Mr. Eaton stated that the actual cost is paid by ADOT.

Mr. Coughlin stated that he wanted to discuss the fact that freeway funds which are spent solely on Phoenix programs rather than funds allocated for use in the entire valley or MAG regional programs.

Mayor Forgia stated that many good points have been raised and then requested additional information from the MAG staff on this issue. Mayor Forgia indicated that his initial reading of the \$671,000 compensation for the recreational use of land initially appears to be like a payment to the City of Phoenix. Mayor Forgia requested more explanation in the information summary, perhaps in bullet form of future loss of use of land and the amount which the local jurisdiction was compensated.

Mayor Wayne Brown indicated that payment for the use of land regarded was the same situation as the Red Mountain Freeway which is in the Mesa jurisdiction. Mayor Wayne Brown stated that compensation for use was standard procedure for the use of federal funds, which involved an Environmental Impact Statement and that the compensation dollars must be dedicated for a specific use.

Mayor Rimsza stated that private property rights include such interests such as leasehold, air rights, and other rights. Mayor Rimsza gave the example of the City of Tempe where the right of use entitles the city to compensation for that use which is fair and equitable. Mayor Rimsza stated that even if grazing rights are affected, if certain property is affected, then benefits exist and the community benefits. Mayor Rimsza stated that the compensation formula is set by the federal government.

Mayor Forgia indicated that he was not disputing the reimbursement to the City of Phoenix for the use of land, but that he would like more information about details of the agreement such as how long the City of Phoenix owned the property and whether or not improvements were made upon the segment of land.

Mr. Anderson stated that more detail was provided in the Management Committee information summary on this issue and that he should have included the same in the Regional Council transmittal.

Mr. Anderson stated that however, specific information about the characteristics of the property were not listed.

Mr. Coughlin stated that such use of freeway funds to compensate the City of Phoenix contained circular logic in regard to the tremendous need of funding for regional transportation. Instead of compensation, Mr. Coughlin recommended a loan program.

F. Rockne Arnett asked whether this type of costing was a current process being utilized. Mr. Anderson answered affirmatively stating that it was a mitigation process which includes a method for curing. Mayor Shafer requested the amount and price of the land information be provided to the Regional Council in two to three weeks.

Chairman Scruggs stated the information would be provided to all Regional Council members.

Mayor Neil Giuliano stated that regional councils could not control the expenditure of these specific federal funds and suggested the Regional Council move forward with the agenda items.

Mayor Rimsza asked whether or not a partnership was created. Mr. Eaton stated that ADOT will approve of the creation of a partnership at the June Transportation Board meeting, however, it would not be finalized without MAG approval.

Mayor Wayne Brown indicated his agreement with Mayor Giuliano's comment regarding the set formula and proposed a motion to approve all the information provided in the information summary and the recommendation of the MAG Fiscal Analysis Unit to approve the requested changes to the MAG Regional Freeway Program.

Mayor Giuliano moved, Mr. Arnett seconded, and it was unanimously carried to approve the three requested changes which affected the budget of the MAG Regional Freeway Program. Mr. Coughlin opposed. Mayor Shafer, Mayor Schnepf, Mayor Chuck Turner, and Mayor Forgia were non-voting.

12. Close Out of FY 1997 MAG Federally-Funded Program

Paul Ward provided a report to the Regional Council regarding the close out of the MAG Federally Funded Program. Mr. Ward stated that on March 30, 1997, the Regional Council approved the preliminary close out of the FY 1997 MAG federally funded program. Mr. Ward indicated that the preliminary close out was necessary due to a higher than expected level of federal funds received for FY 1997. Mr. Ward stated that the close out currently under consideration is to decide which projects should be carried forward to the next fiscal year, what should be done with the carry forward funds, and what projects should be recommended for FY 1997 redistributed obligation authority (OA), if any is made available.

Mr. Ward addressed the carry forward projects first. Mr. Ward projected Table 1 on an overhead which displayed three projects which have been requested for carry forward from FY 1998 to FY 1997. Mr. Ward stated that these carry forward possibilities totaled \$2.6 million and included: Maricopa County, McClintock Road, Red Mountain Freeway to McKellips Road (\$2.2 million); Glendale, 51st Avenue, Brown Avenue to Peoria Avenue bike lane (\$250,000); and Scottsdale, McDowell Road, 77th Street to 64th Street (\$151,360). Mr. Ward stated three possibilities were considered for the use of FY 1997 OA. Mr. Ward indicated that the Transportation Review Committee (TRC) and the MAG

Management Committee recommended that the funds available (\$2.6 million) should be utilized to accelerate transit projects already programmed for FY 1998 to FY 1997.

Mr. Ward then presented the second part of the report which addressed the project recommendations for FY 1997 redistributed OA, if any is made available. Mr. Ward stated that during each year of the Intermodal Surface Transportation Efficiency Act, ADOT has received an allocation of redistributed OA and has in the past, allocated some of this OA to MAG jurisdictions. Mr. Ward indicated that several projects were submitted for consideration for additional federal funds during the preliminary close out in March, and primarily from using this list, the TRC and the MAG Management Committee recommended the projects for any redistributed OA which MAG may receive, and these were shown in Table Two on the overhead.

Mr. Ward stated that the request for redistributed OA from ADOT was so that the following existing projects should be priorities to receive the full level of federal funding. Mr. Ward stated the additional amounts include Mesa, Stapley Drive, Baseline Road to US 60 road widening (\$595,000); Peoria, traffic signal synchronization (\$143,000); Scottsdale, Pima Road, bike lanes (\$48,560); Tempe, Mill Avenue bridge and Curry Road, Mill Avenue to College Avenue, pedestrian/bike lanes (\$74,000).

Mr. Ward stated that the TRC and Management Committee recommended that these projects be made priorities for any redistributed FY 1997 OA that MAG may receive and that MAG should request \$860,560. Mr. Ward indicated that originally, there were five projects recommended in Table Two, but one project has since been deleted at the request of the particular jurisdiction. Mr. Ward further indicated that since then, there have been further actions regarding some of the projects and further program adjustments may be necessary as the situation regarding the obligation status of individual projects becomes more clearly defined. Mr. Ward concluded stating that MAG staff will address this issue at a future meeting.

Mayor Shafer asked whether or not any funds were programmed for the traffic light at Loop 303 and Bell Road. Mayor Shafer stated that it is the second year this intersection has been in operation and that there have been six accidents to date.

Upon further discussion the following motion was made. Mr. Coughlin moved, Mayor Vasiloff seconded, and it was unanimously carried to approve the three actions: to carry forward the three projects totaling \$2.6 million; to utilize the obligation authority from the carry forward projects to accelerate the purchase of transit vehicles from FY 1998 to FY 1997; and to request redistributed obligation authority to increase the level of federal funding for the recommended existing local projects.

13. MAG Annual Audit for the Fiscal Year Ending June 30, 1996

Dennis Smith provided the Regional Council with a report regarding the MAG annual audit for the fiscal year ending June 30, 1996. Mr. Smith stated that the accounting firm of Arthur Anderson conducted the audit in accordance with generally accepted auditing standards, and the standards for financial audits as required in the Government Audit Standards provisions. Mr. Smith indicated that a citizen had stated in a previous MAG Management Committee meeting that MAG had not followed federal audit guidelines. Mr. Smith indicated that since the Management Committee Meeting he had contacted the auditors and he had been assured that MAG had followed all federal auditing standards.

Mr. Smith indicated that the MAG financial report noted that MAG had a timing problem in submitting financial reports. He indicated that part of the delay was due to having to wait for the League Arizona of Cities and Towns to process its monthly information before MAG could prepare its reports. Mr. Smith further indicated that the 1996 Special Census required the hiring of 5,000 individuals. Mr. Smith indicated that at the time, MAG did not have adequate accounting personnel to handle the workload in a timely manner. Mr. Smith suggested that in the future, MAG should contract out for an accounting firm to process the census payroll. Mr. Smith requested the Regional Council to consider the acceptance of the MAG annual audit.

Mayor Wayne Brown indicated that he had been a Certified Public Accountant with Arthur Anderson, and had over 30 years of auditing experience. Mayor Wayne Brown read the fourth paragraph of the first page of Arthur Anderson's report which stated, "In accordance with Government Accounting Standards, we have also issued a report on our consideration of MAG's internal control structure and a report on its compliance with laws and regulations, both dated January 13, 1997."

Dianne Barker stated her objection to the MAG audit and stated that she represented her opinion as well as 12 other persons. Ms. Barker stated that she has spoken with Arthur Lynch, Finance Director from the City of Glendale and Frank Fairbanks of the City of Phoenix. Ms. Barker stated that she did not believe that any members of the MAG Management Committee read the MAG audit. Ms. Barker stated that MAG was under public scrutiny and that as a member of the public, she was merely asking the Management Committee members to review the audit.

Ms. Barker stated that she had reviewed the Office of Management and Budget Circular A-128. Ms. Barker stated that Arthur Anderson used the standards from Circular A-128 as the basis for MAG's conformity with generally accepted auditing standards. Ms. Barker stated that it was her opinion that Arthur Anderson is responsible for forming a financial opinion. Ms. Barker stated that nowhere in the June 1996 MAG audit is there a mention of an opinion. Ms. Barker stated that the public does not recommend the Regional Council approve the MAG audit.

Mr. Clark stated that his father was a retired Salt River Project auditor. Mr. Clark stated that his father had skimmed the MAG audit and brought some concerns to his attention. Mr. Clark stated that despite generally accepted accounting principles, it was his opinion that due to MAG's previous reputation, it could be sued for malpractice. Mr. Clark stated that he did not accept the audit and that his father stated that MAG did not get its money's worth and should look further into the issue.

Mayor Forgia stated his agreement with Mayor Wayne Brown, that the audit is not a balancing of checks, but that the audit is a test of documents. Mayor Forgia then asked if MAG had ever used funds for lobbying the federal government.

Mr. Smith responded that MAG has never used public funds for lobbying the federal government.

Mayor Wayne Brown moved and Mayor Forgia seconded, and it was unanimously carried to accept the MAG annual audit for the year ending June 30, 1996.

14. Proposed FY 1998 MAG Unified Planning Work Program

Dennis Smith provided the Regional Council with a report regarding the proposed FY 1998 MAG Unified Planning Work Program (UPWP). Mr. Smith indicated that each year MAG develops the UPWP to guide the regional planning effort. Mr. Smith stated that in February, a listing of potential consultant projects for the FY 1998 UPWP was provided to the Regional Council. Mr. Smith stated that the Intermodal Working Group had reviewed the document and their comments were incorporated in the UPWP. Mr. Smith stated that for the FY 1998 UPWP, the requested MAG dues are \$130,000. Mr. Smith stated that special assessments for solid waste planning, water quality planning, and 9-1-1 services are also being requested. Mr. Smith stated that these funding requests were similar to those of 1997. Mr. Smith requested the Regional Council approve the UPWP document, the projects, and the special assessments.

Ms. Barker indicated that she spoke to Dennis Mittelstedt of the Federal Highway Administration regarding unfunded mandates. Ms. Barker stated that she believed that federal law does not require local jurisdictions to fund these. Ms. Barker stated that the Environmental Protection Agency does not have to act and that the State Implementation Plan (SIP) does not recommend that MAG go forward. Ms. Barker stated that there is no basis or model for MAG to proceed on unfunded mandates. Mayor Giuliano moved, Mayor Shafer seconded, and it was unanimously carried to approve the FY 1998 UPWP; to amend the 1997 MAG UPWP to incorporate the reprogramming of funds; to approve the \$130,000 basic dues assessment, the \$25,000 solid was special assessment, the \$60,000 water quality planing special assessment, and the \$30,000 9-1-1 special assessment; to authorize the Chairman of the Regional Council to execute the necessary documents to receive the funding; and to authorize the MAG Director to make the administrative changes to the UPWP, and execute the staffing contracts pursuant to the Work Program for transportation, financial, and legal services.

The meeting was adjourned at 6:45 p.m.

Chairman

Secretary